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NATIONAL AND INTERNATIONAL POLICIES AND MEASURES FOR ACCELERATING THE DEVELOPMENT PROCESS IN THE LEAST DEVELOPED COUNTRIES DURING THE 1990s IN ACCORDANCE WITH THEIR LONG-TERM NATIONAL, SOCIAL AND ECONOMIC OBEJECTIVES, AND FINALIZATION AND ADOPTION OF A PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

Note by the Secretary-General of the Conference

The Secretary-General of the Conference has the honour to transmit herewith the draft programme of action for the least developed countries for the 1990s as formulated by the Preparatory Committee at its 7th (closing) meeting on 6 April 1990. 1/

1/ See Report of the Intergovernmental Group on the Least Developed Countries on its seventh session (Preparatory Committee for the Second United Nations Conference on the Least Developed Countries) (A/CONF.147/2), para. 152.

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I. INTRODUCTION

1. In this increasingly interdependent world, we all share a joint responsibility for creating favourable international economic conditions and in strengthening international co-operation which will help create an environment for sustained economic growth and development.

2. This growing interdependence challenges us all to forge an understanding of the principles which will lead to accelerated economic growth, sustained and sustainable development, and reversal in the decline in economic well-being experienced by many in the 1980s. The least developed countries have structural problems which are unique in their nature and degree: they are therefore deserving of special international support.

3. The prime objective of the Programme of Action for the LDCs during the current decade is to arrest the further deterioration in their socio-economic situation, to reactivate and accelerate growth and development in these countries and in the process put them on the path of sustained growth and development. The Programme of Action outlines a number of principles which should constitute the basis for action for the LDCs, their development partners, including international organizations and financial institutions, [and as well as concerned NGOs] to help a fundamental growth-oriented transformation of the LDC economies. These principles imply the acceptance of a partnership which depends upon mutually reinforcing action, with each country contributing to the common objective to spur and sustain growth in the LDCs. [Such a responsibility rests both on the LDCs and their development partners, with each country contributing to the common objective in accordance with its capacities and weight in the world economy]. The Programme also seeks primarily to provide an efficient operational framework and identifies areas in which the LDCs, their development partners and international organizations need to take urgent and concrete action based on these principles, policies and commitments enumerated below.

II. BASIC PRINCIPLES

Principle No.1: success depends on [a shared responsibility and] a strengthened partnership for the growth and development of LDCs

4. The overriding objective of reactivating and accelerating growth and sustained development requires strengthened joint efforts, by LDCs and their development partners, to implement sound strategies. The development partnership is based upon an open dialogue which creates a mutually reinforcing process of national initiative from the LDCs and international support provided by the international community.

5. In this partnership the LDCs have the responsibility for elaborating and implementing effective development strategies and policies conducive to broad-based growth, adapted to their individual characteristics and responsive to the real needs of the population. This implies that development partners provide adequate support to LDCs' endeavours, based on these policies, taking into account the LDCs' structural handicaps and weaknesses. There are also unique opportunities and benefits to be gained through greater co-operation with other developing countries.

6. It is essential that all countries work together to develop more favourable international economic conditions and a more open trading system.

Principle No. 2: The least developed countries have the primary responsibility for the formulation and effective implementation of appropriate policies and priorities for their growth and development.

7. Specific priorities and means to implement them will necessarily vary among LDCs according to their unique endowments and needs. However, national strategies should revolve around these major common policy axes:

(a) Creation of a domestic economic environment which is conducive to sustained growth and sustainable development in the LDCs and a stable and growth-oriented macro-economic framework;

(b) Structural adjustment should seek to accelerate the transformation of LDC economies and overcome their particular structural problems in a manner consistent with and supportive of medium-term plans and long-term economic and social objectives, bearing in mind the need for development with a human face;

(c) Identification and promotion of long-term, sectoral priorities [adoption of market-oriented policies], designed to expand, strengthen and modernize the productive base while pursuing a sound management of the natural environment, taking into account the specific causes and individual characteristics of the LDCs;

(d) [Adoption of policies that streamline the public sector, including increasing the efficiency of public enterprises, and policies that stimulate the development of, and enhance the contribution of, the private sectors of the LDCs, inter alia through competition];

OR

(d) [Greater scope for private sector and more efficient management of public sector enterprises, inter alia, by subjecting them to competition];

(e) Adoption of policies to reduce poverty by creating employment opportunities and broadly-based growth, making more widely available the opportunities for and the benefits of the improved productive capacity, pursuing appropriate demographic and population policies, and enhancing the access to productive activities and by initiating appropriate social programmes in such important areas as health, education, and nutrition of vulnerable groups, in particular women and children;

(f) Building institutions based upon [democratic and equitable principles] that allow for broad-based popular participation in the development process.

8. These policy axes require a strengthening of human and institutional capacities for an effective management of the development process. Governments should provide the appropriate framework so all actors in society, especially peasant farmers, entrepreneurs, workers, NGOs, and local and regional entities can make their own distinctive contribution.

Principle No.3: The strengthened partnership for development [requires] the provision of adequate external support by the LDCs' development partners

9. The international community should assist the least developed countries in pursuing effective policies of development, and its commitments should be based on the following axes:

(a) Extending support to policies that promote long-term growth and structural adjustment programmes adapted to the particular needs and circumstances of the LDCs, bearing also in mind the need to restore stability in the macro-economic framework;

(b) Extending support to sectoral policies and programmes designed and implemented for strengthening and diversification of the LDC economies, in particular through expansion and modernization of their productive base;

(c) Substantial support would also be extended to the LDCs to enable them to address environmental concerns effectively in the context of their accelerated development;

(d) Specific initiatives as discussed later and including, but not restricted to, human resource development, land reform and rural development, rehabilitation and expansion of the productive base, more efficient management of the public sector, greater scope for the private sector and advancement of women;

(e) Development partners should assist the least developed countries by providing adequate concessional development assistance in the form of finance and transfer of appropriate technology and skills and other complementary supports in the areas of access to markets for their exports, [and as appropriate,] debt relief, assistance in the field of commodities and compensatory financing.

[Principle No. 4: Commitments undertaken should be measurable and sufficiently transparent to enable monitoring and assessment of the programme of action for the 1990s]

10. The approach to the development of the LDCs calls for commitment and strengthened joint efforts on the part of both LDCs and their development partners to render the programme of action operational, implement its constituent parts and ensure coherence and complementarity between national and international efforts. In this context, sound predictable structural adjustment policies and predictability and adequacy of resource flows will be a crucial component in the success of the implementation of the programme [and hence the need to incorporate therein targets on resource flows and specific performance indicators at the national and international levels]. Specific follow-up mechanisms at national and international levels should constitute an integral part of the Programme of Action.

11. While much remains to be done, there is no doubt that awareness of the special requirements and problems of the least developed countries is more manifest than in the past. The Programme of Action outlined below is aimed precisely at translating such awareness into concrete and optimal results.

III. GLOBAL FRAMEWORK

A. The macro-economic policy framework

12. The objective of macro-economic policy is to create a favourable environment and constitute a basis for sustained economic growth and the long-term development of the economy. The macro-economic policy framework should provide the basis to overcome the structural bottlenecks of the least developed countries, lead ultimately to their transformation and contribute to the eradication of poverty. Pursuit of such policies would be greatly assisted by efforts of the international community to encourage an international economic environment conducive to such change and the provision of adequate external support. Assistance should be made available to the least developed countries to help them face their critical development needs and strengthen their institutional capacity to design and implement their macro-economic framework and policies.

13. For the efforts of the LDCs to be successful, there is a need for all countries to implement national and international policy measures to improve the environment for accelerated and sustainable development. Major market-economy countries should continue to adopt co-ordinated policies to promote stable, sustainable, non-inflationary growth, enhance the positive impact on development of measures to deal with their mutual imbalances and strengthen mechanisms for the ongoing process of multilateral surveillance of economic policies.

14. A growth-oriented macro-economic framework should be consistent yet have room for flexibility as regards types of instruments to be used and the manner of their application, taking account of changing circumstances and/or the structural rigidities of a particular economy. The policy package should be adapted to the specific problems and needs of individual LDCs and the resource parameters. It would be important to reconcile the requirements of a long-term development strategy and the need to rapidly re-establish macro-economic balance: adjustment financing is necessary but there should also be adequate financing and support at the sectoral level in the social and economic fields.

15. The following policy guidelines should be borne in mind in the design and implementation of the LDCs' macro-economic programmes, including those negotiated by individual countries with multilateral financial institutions such as the IMF and the World Bank:

(i) Policies and measures should focus on the basic transformational needs of LDCs and aim at the acceleration of long-term growth and development in LDCs;

(ii) Particular attention needs to be paid to the linkages between the different economic activities, as well as to the interaction of sectoral reform with broader macro-economic objectives. Some degree of selectivity as regards macro-economic instruments needs to be

introduced or maintained so as to ensure an efficient allocation of resources among alternative activities. The establishment of efficient markets and the use of price signals to guide resource allocation are important factors;

(iii) It is also an objective of macro-economic policy to establish external, monetary and fiscal stability, and wherever this has to be restored, there should be flexibility in the time span of adjustment and the sequencing of reforms. However, early recognition of the need for adjustment and quick action will facilitate a return to long-term growth and stability. The design of structural adjustment policies should take into account social factors, and development partners should support efforts to protect the poorest and most vulnerable groups consistent with the overall programme;

(iv) A stable and realistic exchange rate will support macro-economic objectives and may contribute to balance in the external accounts. It can help stimulate a vigorous and competitive export sector when combined with other, appropriate policy initiatives, including measures to reduce domestic structural rigidities and to diversify exports, bearing in mind the international supply and demand factors affecting traditional exports;

(v) There are a number of initiatives and conditions which will encourage necessary investment, whether from domestic or foreign sources. The most important are policies to promote savings through positive real interest rates, and a stable domestic environment including appropriate legal and administrative institutions. It is also essential to have an appropriate system of taxation, a predictable and stable regulatory and institutional setting, particularly for the financial sector, and an enabling environment for a dynamic private sector. Investment by the public sector in the physical infrastructure and in social services, especially education, is equally important. The appropriate mix of the above will vary according to the circumstances of individual countries, but the importance of mobilizing the maximum investment, efficiently and at remunerative rates of return, should be emphasized;

(vi) Where entrepreneurial capacity and private capital [have been limited by public enterprise and] are scarce, the public sector will still play a significant role in LDCs' economies, although as these constraints are overcome its significance may diminish. Consequently its efficient management would contribute to both fiscal balance and economic development. The LDCs should adopt measures to secure effective functioning of public enterprises, including where necessary improved policy mandates, objectives, accounting and institutional procedures, and the opening up to competition;

The indigeneous enterprise sector should be encouraged to play an important role in modernizing LDC economies and achieving national development objectives. Options such as opening up competition to and within the private sector, or co-operatives and gradual privatization will be considered. LDCs will also take measures to create an appropriate legal and institutional framework to encourage entrepreneurs;

(vii) Subsidies and other such measures are useful in some circumstances but should be used after careful examination of other options. When used, it is important that they be carefully targeted, spur growth in specific areas, minimize any consequent distortions and avoid the perpetuation of inefficient, uncompetitive activities. Their continued need and level should be subject to ongoing review;

(viii) Price controls which discourage production and investment should be phased out, while other measures to compensate the poor for undue harm should be considered;

(ix) Measures to improve income distribution by removing distortions in the tax system, land reform where appropriate and employment creation are essential complements to sustainable macro-economic policies, as they have direct repercussions on the ability and motivation of the population to participate fully in national development endeavours. The provision of basic education, health care and nutrition are critical elements in enabling the disadvantaged and the poor to have the skills, health and knowledge to take advantage of these opportunities and to withstand the effects of natural disasters; and

(x) Performance criteria applied to LDCs by multilateral lending institutions should continue to be adapted to the particular circumstances of these countries and should give due priority to the overriding policy objective of the LDCs, namely the acceleration of economic growth and long-term development. The programme agreed with multilateral institutions should constitute a coherent strategy for achieving balance and promoting this growth. Performance criteria could embody variables relating to both the external and fiscal balances and inflation rates on the one hand and desirable rates of economic growth and investment on the other. These criteria should reflect explicit assumptions regarding the external environment which affect the ability of the LDC concerned to achieve its goals. Changes in the external environment may render it necessary to review the appropriateness of the policies, time-frame or sequencing [in which case it is also envisaged that development partners would review their external support and, as necessary, provide additional resources]. Development partners should bear in mind the possible consequences of their national policies on the international environment and the potential for either rendering more difficult or helping the LDCs in the adjustment process.

B. Financing growth and development

16. Economic growth and long-term development cannot proceed without sufficient resources - domestic and external - to finance investment. Significant additional financial resources will be needed to achieve the objectives of the programme of action. The availability of these resources depends heavily upon the implementation of the necessary policies to encourage savings and foreign investment, the provision of adequate development assistance and a supportive external economic environment. The magnitude of this task is highlighted by some projections [including those by UNCTAD] that indicate that, even with an appropriate policy environment, a considerable increase in domestic savings and development assistance would be needed for LDCs to reach a modest per capita growth.

1. Domestic resources

17. The mobilization and effective use of domestic savings is one of the imperative elements for sustained and equitable development. Governments of LDCs should endeavour to develop an appropriate network of financial institutions and incentives to encourage private savings; ensure an optimal allocation of resources and strengthen the management of public expenditure, including that by parastatals; implement a monetary policy conducive to price stability and confidence; establish a realistic exchange rate; provide investment guarantees and support joint financing facilities; and broaden the tax base without discouraging savings and investment. These policies, and a stable domestic environment and appropriate legal and administrative institutions, will promote domestic savings, reduce capital flight and encourage the repatriation of flight capital.

2. External resources

18. Given the magnitude of the LDCs' development needs and their limited capacity to generate an investible surplus, the volume, timeliness and terms of external financial resources will be critical and should correspond to their immediate short- and long-term development needs. Foreign assistance should serve to promote domestic growth and long-term economic development and transformation so that eventually the LDCs could reduce their dependence on aid.

(a) Volume

Official flows

19. External financial support to complement domestic efforts should be both sufficient in terms of volume and efficient in terms of allocation according to LDCs' individual development needs and priorities. To help meet the LDCs' external capital requirements for accelerated growth and development, donors should endeavour to [double ODA to LDCs in the next five years as compared to current levels, aiming to reach 0.20 per cent of their GNP by the end of the 1990s] OR [reaffirm the 0.15 per cent target, set a five-year timetable to

achieve it, and seek to exceed this measure] as some have already done OR [provide sufficient aid in accordance with individual LDC needs in support of appropriate domestic policies, bearing in mind the need for enhancing the absorption capacity and the need to reduce aid dependence and to broaden the donor base].

20. [In view of the importance of multilateral assistance, concerned agencies, organizations and institutions, including regional banks, should be invited to direct to LDCs a substantial and increasing volume of concessional assistance on a priority basis.] Developed countries should channel a substantial part of their resources to those appropriate United Nations organizations and bodies which have programmes of special interest and benefit to LDCs. It is noted that UNCDF and UNDP through the SMF have developed a programme focused specifically on LDCs, and UNDP, UNSO and UNICEF have implemented specific programming criteria to ensure LDC needs are given priority attention. Other United Nations development agencies are invited to institute specific programmes and measures to the benefit of LDCs.

21. [The United Nations development system should respond effectively to the needs and requirements of the LDCs, taking into account their different and complex conditions. The relevant authorities are invited to consider the following:

(i) That the UNDP assign a much higher proportion of the Indicative Planning Figures to LDCs, possibly as high as 60-70 per cent, in the course of the Fifth Cycle;

(ii) That encouragement be given to the work of the United Nations Capital Development Fund and that there be an increase of 20 per cent a year over the coming decade in its funding;

(iii) That the International Institute of Development Law give greater consideration to LDC needs in the training of negotiators and that its work be supported by a greater number of countries].

22. There is a need to increase substantially the overall volume of multilateral assistance to these countries and in view of the importance of multilateral assistance, the international financial institutions and regional development banks are invited to take fully into account the special economic and social conditions of the LDCs. Where appropriate they could establish special programmes. These institutions have a crucial role to play in the design and implementation of economic programmes and could undertake to provide only concessional aid to these countries. Ways and means to increase flows of resources and the augmentation of resources available to these institutions should be considered as a matter of priority.

23. Development partners of LDCs should also continue to provide emergency assistance to LDCs afflicted by food shortages, natural calamities and other

emergencies. In observing the International Decade for Natural Disaster Reduction (IDNDR), the international community should give priority attention to the solution of problems caused by natural disasters in the LDCs.

24. [The assistance provided to the least developed countries for programmes for environmental protection should as much as possible be additional].

Private flows

25. Many LDCs have adopted policy reforms to make their investment climate more conducive to foreign investment. However, the results are in some cases still meagre.

26. In order to enhance the volume of external financial flows, supportive action to expand private, non-debt-creating flows, i.e., direct or portfolio investment, needs to be taken. Both the least developed countries and developed countries should consider early implementation of policies to encourage investment, including membership of the Multilateral Investment Guarantee Agency (MIGA), conclusion of investment protection and double taxation agreements, and examine the possibility of assisting the wider utilization of programmes available under MIGA. Technical assistance in the establishment of financial sector policies and institutions will also be particularly important.

(b) Aid modalities and aid effectiveness

27. For development assistance to be effective it will need to respond to the overall development objectives of the LDCs and be provided in the context of a supportive domestic economic framework. Further steps should be taken by the development partners to provide bilateral ODA to LDCs in the form of grants and/or to provide loans on highly concessional terms. The timeliness and the terms of such aid should correspond to their short- and long-term needs, including the growing requirements of the LDCs' adjustment efforts.

28. Institution-building and human resource development should be integral elements of all aid activities. Technical assistance should be provided in the context of an overall programmme tailored to the needs and situation of the particular country and should aim to strengthen the capacity of the recipient to formulate and implement policies, programmes and projects to address the structural rigidities of their economies. Efforts to increase absorptive capacity should be an integral part of these programmes. Donor agencies should review thoroughly their technical assistance programmes to ensure they retain their original purpose of building LDC capabilities, use local consultants where possible and offer possibilities for joint international action in support of improved management capacity and development of infrastructure.

29. The effectiveness of foreign assistance would be enhanced by the following measures undertaken by development partners and recipient country authorities as appropriate:

- Improved co-ordination of multilateral and bilateral aid;
- Untying of aid to the maximum extent and priority for purchasing from local sources;
- Simplification of procurement, including tendering;
- Greater flexibility in assistance for adjustment programmes such as balance-of-payments support or rehabilitation of infrastructure and sectoral programmes;
- More grant aid or higher concessionality;
- Greater local and recurrent cost support;
- Multi-year programming of technical and financial assistance, as appropriate, in line with structural adjustment programmes;
- Joint programming by donors;
- Timely and predictable disbursement;
- Institutional aid for better management and co-ordination of resources;
- Increased decentralization and further delegation of authority to the field level; and
- Improved negotiations between recipient and development partners to reach a consensus on programmes and projects financed by the latter.

30. Capital and technical support for small-scale activities can be a particularly effective way to benefit lower-income groups and contribute to poverty alleviation. It fosters local participation in the national economy, and improved access to productive facilities or social services helps them realize their potential. The role of NGOs in development assistance is recognized and they can play a useful role in extending assistance to and within the LDCs in close co-ordination with national authorities. Their contribution would be most effective if made within the framework of goals, policies and priorities outlined in national plans and programmes. In this context, a positive role can be played by indigenous NGOs.

C. External indebtedness of the LDCs

31. [Many LDCs face serious debt problems, which constitute a major hindrance to their development plans. Debt can also render economic adjustment more difficult by undermining the essential political underpinnings of the commitment to reform].

32. [Debt-distressed LDCs should be able to benefit from measures for debt reduction related to their individual circumstances. A number of donor countries have responded favourably to Trade and Development Board resolution 165 (S-IX) of 11 March 1978 by cancellation of official development assistance debt. Other donors which have not yet done so are urged to implement fully the commitments undertaken. However, as the structure of the LDC debt load is rather unique in that most is owed to either (i) multilateral institutions such as the IMF, the World Bank and regional development banks or (ii) official export credit agencies, there is also scope for a review of measures by these institutions to respond to this situation. In view of the essential fungibility of all types of debt relief and resource flows, the provision of development assistance and of debt relief should be treated in a common framework.]

OR

32. [Serious debt problems of the LDCs call for elaboration and implementation of a comprehensive and action-oriented debt strategy specifically tailored to the individual needs of the LDCs.] [As part of this strategy, measures to write off all debts of LDCs should be considered. Debt cancellation measures should, inter alia, include, in particular, urgent action to fully implement Trade and Development Board resolution 165 (S-IX) in order to improve the financial situation of LDCs and promote their long-term sustained growth. Resources thus provided should be truly additional to aid allocation to the LDCs, and all LDCs should be eligible for such facilities.]

33. [The adoption of the Toronto Terms by the Paris Club provided an important element of debt reduction and relief on official export credits. Participants of the Paris Club are invited to consider [extending the Toronto Terms to a greater number of LDCs] or [widening eligibility to cover all LDCs]].

34. [Also, it may be possible to review the degree of concessionality and amend the terms so as to provide a further reduction in the debt burden, as appropriate.] There should be improvement of the Toronto options, inter alia, by: (i) encouraging the maximum use of concessional options by creditor countries, both participants and non-participants in the Paris Club; (ii) significantly enhancing the grant element of the measures; (iii) widening the coverage of consolidation to 100 per cent of Paris Club obligation; (iv) applying multi-year rescheduling; (v) ensuring additionality through closer co-ordination between the Paris Club on the one hand and the UNDP round-table and World Bank consultative groups for LDCs on the other.]

35. [Possible ways of alleviating the often heavy burden of debt service obligations to the multilateral and regional institutions, while safeguarding the creditworthiness of these institutions, should be urgently studied by them. Such measures could include arrangements for interest-subsidy or refinancing schemes where appropriate, making the terms for past market-rate loans concessional to IDA terms. Such measures could be financed, as is the special trust fund mechanism of the World Bank, by part of the profits earned by creditor institutions and/or new voluntary contributions.]

36. [Those LDCs with overdue obligations to multilateral institutions will need adequate financial resources, possibly through support groups, to help clear arrears. Consideration could be given to allowing access to resources provided that the LDC in arrears concerned establishes a reasonable record of compliance with the Fund-monitored adjustment programme. Such assistance would help countries regain creditworthiness and access to fresh loans, reschedule debts and facilitate flows of ODA.]

37. [It is useful to examine ways by which debt reduction measures can be applied to commercial debt of individual LDCs. Greater use could be made of debt buy-backs and of debt conversion schemes. Support for such proposals could be examined by international financial institutions, official aid agencies or non-governmental development institutions (debt for nature swaps, debt for development swaps). Use could be made of the World Bank Debt Reduction Facility and similar mechanisms. Commercial creditors should also be encouraged to waive, where possible, debt service payments directly in favour of debtor LDCs.]

38. [There needs to be a substantial increase in concessional financing, especially in grant form, which should be extended to the LDCs to resume their growth so as to enable them to cope with their debt burden in the long run.]

39. [There is also a need for other measures to alleviate the debt-servicing burden of the LDCs, including technical assistance and measures in such areas as commodities and market access.]

D. External trade

40. It is essential that all countries work together to develop a more open, credible and durable multilateral trading system which can contribute effectively to growth and development, particularly through improvements in market access. A successful conclusion to the present Uruguay Round of GATT negotiations would hold the prospect of significant market liberalization from which all would benefit, including LDCs. Urgent steps are needed to provide improved market access for products originating from LDCs. In this regard, there is scope for further improvement of the GSP schemes and improved utilization of the benefits conferred. Important supportive measures in favour of LDCs could be taken, inter alia, in such areas as duty-free treatment for their exports, exemption from quotas and ceilings and use of simplified and flexible rules of origin or derogations therefrom. All countries should strive to realize the principle stated in the Punta del Este

Declaration that special attention should be given to the particular situation and problems of the least developed countries and to the need for positive measures to facilitate expansion of their trading opportunities.

1. Diversification

41. A greater diversity of exports would strengthen the domestic economy, as well as provide greater stability and predictability in export earnings. LDCs are encouraged to adopt the policies and measures which could stimulate new export sources. Development partners should also extend help, inter alia, through technical assistance in export promotion and diversification either bilaterally or through organizations such as the UNCTAD/GATT International Trade Centre. A number of development partners have programmes to promote awareness and use of GSP schemes and these are to be encouraged and to be emulated by others. Exports could be further promoted through the improvement of the quality and packaging of products, using appropriate advertising techniques and with improved management and export marketing. The experience and expertise of other developing countries could be valuable for the LDC authorities and private sector.

42. Import procurement operations are an important and integral part of international trade, and LDCs stand to gain from saving valuable foreign exchange by prudent sourcing of imports. Assistance towards import management and planning would contribute considerably in this respect.

2. Access to markets

[43. Within the framework of the multilateral trade negotiations, special consideration should be given to LDC needs and, to the extent possible, to the following:

(a) [Advanced implementation for LDCs of MFN concessions made by contracting parties to the GATT;]

(b) The greatest possible reduction as soon as possible of tariff and non-tariff barriers on products of actual and/or potential export interest to LDCs;

(c) The fullest possible liberalization of trade in textiles and clothing for LDCs, including withdrawal of existing restraints and exemption of LDCs from any new restraints not in accordance with GATT disciplines;

(d) Examination of possible modalities for special treatment for the LDCs for tropical products of special interest to them;

(e) Special consideration in the application of strengthened GATT disciplines and codes;

(f) The time scale required by the LDCs to implement the inclusion within the GATT of multilateral rules in new areas such as investment and intellectual property as well as multilateral rules on trade in services.]

OR

43. [Within the framework of the multilateral trade negotiations, special consideration should be given to LDC needs, and to the following proposals:

(a) Elimination of all tariffs and non-tariff barriers on products of actual and/or potential export interest to LDCs [including tropical, agricultural and natural resource-based products, as well as marine resources];

(b) Advanced implementation in favour of the LDCs of all MFN concessions made by contracting parties to the GATT;

(c) Exemption from the safeguard clause, from product withdrawals and graduation, as well as from quotas and ceilings;

(d) Long-term guaranteed maintenance of GSP commitments;

(e) Application of flexible rules of origin and facilities for LDCs' participation in trade fairs, establishment of import promotion offices by donor countries, and increasing technical assistance;

(f) Increasing attention needs also to be given to restrictive business practices with a view to accommodating the interests of the LDCs;

(g) Exemption of LDCs from any agreements/arrangements resulting from the negotiations in TRIPs and TRIMs so that they do not prevent the LDCs from adopting measures and policies in those areas which would assist their economic development and provide for improved access to, and ensure effective transfer of technology. Special consideration in the application of strengthened GATT disciplines and codes and in the inclusion within the GATT of new areas, including services;

(h) Withdrawal of existing restraints on exports of textiles and clothing against the LDCs, and exemption of LDCs from any new restraints;

(i) Special treatment for the LDCs in the case of tropical and other products of special interest to them].

44. [There exists scope for greater utilization and improvement of GSP schemes by expanding the coverage to include all LDCs, increasing the range of products or tariff concessions, providing for special flexibility or derogations in the field of rules of origin, exemption from quotas or ceilings and providing greater guarantees or stability in the maintenance of GSP systems. LDCs should make efforts to utilize existing GSP systems more fully. GSP systems are often quite complex, and developed countries are urged to make further efforts to simplify procedures and assist LDCs to take

advantage of the GSPs. In many cases however, LDCs may find it difficult to fully exploit GSP opportunities because of their weak and narrow economies. This underscores the need for parallel progress in institution-building, the development of the private sector, and development partner assistance to help in export promotion and diversification.]

45. Preferential measures in favour of LDCs need to be considered in the context of bilateral arrangements with their neighbours, as well as regional and subregional groupings of developing countries, taking into account the interests of LDCs during implementation of other regional integration schemes by developed countries.

3. Commodities

46. Commodity exports play a key role in the economies of LDCs, making a crucial contribution to export earnings and investment, but the decline in many commodity prices in the 1980s caused significant difficulties. The international community could consider assistance and other forms of multilateral co-operation in the field of commodities to improve transparency and market access, reduce trade distortions and improve dialogue on supply and demand conditions. The report of the United Nations Secretary-General's Group on commodities of interest to African countries will be of particular relevance to both the LDCs and their development partners. Members of the Common Fund using the Second Window and individual development partners using their own resources could provide assistance to identify and design projects which could be helpful in assisting LDCs to reduce their high dependence on one or two commodities [and pursue market-oriented approaches in their export strategies]. [With regard to commodity arrangements, measures to help the LDCs, e.g. exemption from quota restrictions and obligations to share financial costs,] or [Efforts to bring about improved functioning and revitalization of existing commodity agreements which reflect and are consistent with market trends] should be supported.

4. Compensatory financing

47. In the long-term, it is crucial that the LDCs find the means to diversify their exports. In the short-term, however, the volatility of commodity prices means there is a need for compensatory finance and appropriate producers' policies to help absorb the shock of sharp swings in export receipts so that LDCs can maintain a stable economic policy framework. In the present review of the IMF's Compensatory and Contingency Financing Facility (CCFF), member Governments might wish to explore ways to faciltate LDC access on terms and conditions which are appropriate to their economic situation. [There could also be a review of compensatory financing mechanisms to make them faster and more efficient]. Also, assistance from the World Bank unit responsible for helping commodity-exporting developing countries, e.g. with training in coverage techniques, contract negotiations and technical assistance, could help LDCs minimize the risk of export earnings fluctuations.

48. [In this connection:

(i) The various compensatory schemes of the IMF, including its new Compensatory and Contingency Financing Faculty (CCFF) scheme, could consider practical measures to facilitate the access of LDCs under terms and conditions that are not excessively burdensome;

(ii) Possibilities should also be explored to mobilize additional resources to provide more automatic compensation for LDCs' export-earnings shortfalls;

(iii) These could take the form of increasing the availability of financial resources at their disposal and commodity coverage. The non-EEC countries may consider setting up exclusively for the LDCs a scheme similar to STABEX.]

E. Strengthening co-operation between LDCs and other developing countries

49. Strengthened co-operation between LDCs and other developing countries, as appropriate at regional and subregional levels, can play an important role in the development efforts of the LDCs during the 1990s. Arrangements in this connection should aim at providing greater and preferential access of LDC products to regional markets, importing LDCs' products on a long-term secured basis, providing financial and technical co-operation for the benefit of LDCs, enhancing exchange of information and know-how, increasing collaborative ventures, and as regards land-locked LDCs, facilitating the flow of goods in transit. Some developing countries have programmes and expertise of interest which are being used by LDCs. Development partners are requested to fund projects to bring this assistance to them.

50. [Consideration should be given to provision of more favourable and non-reciprocal coverage to LDC products under the Global System of Trade Preferences GSTP). Provision should also be made for special transit facilities, in agreement with the transit countries, for the land-locked countries and freight incentives for island LDCs; development partners are also called upon to assist in these efforts.]

51. There are a number of multi-country programmes which could be very important to many LDCs, in particular arrangements for joint exploitation of common river basins or other resources. These and other multi-country efforts should be considered for support from the international community, especially where the investments may be too large for national Governments and they hold the potential for significant economic and structural change.

IV. MOBILIZING AND DEVELOPING HUMAN CAPACITIES IN LDCs

52. Men and women are the essential resource and beneficiaries of the development of the LDCs. The mobilization and development of these human resources in the least developed countries is a crucial factor in promoting sustained and increasingly self-reliant socio-economic development. Policies for mobilizing and developing the human resources of the least developed countries during the 1990s should focus on two main areas: (i) the full involvement, integration and participation of all groups, especially women, in the development process; and (ii) the strengthening of human capital, in particular through access of the population to basic and adequate social services, with special priority for education. The creation of an environment conducive to releasing the full energies and potential of all men and women to contribute to the improvement of the societies of the least developed countries is a prerequisite for widening and developing the productive base and hence the attainment of sustained development. As investment in human capital needs substantial resources, LDCs themselves should seek to direct more resources to social services; but, as the least developed countries face severe budgetary constraints in social services, the international community is called upon to provide [sufficient additional] financial and technical support for the efforts of the least developed countries in this area.

A. The involvement of the actors

53. [Co-operation shall be directed towards development centred on the individual, the main protagonist and beneficiary of development, which thus entails respect for and promotion of all human rights. Co-operation shall thus be conceived in accordance with the positive approach, where respect for human rights is recognized as a basic factor of real development and where co-operation is conceived as a contribution to the promotion of these rights. In this context, development policy and co-operation are closely linked with respect for and enjoyment of fundamental human rights. The role and potential of initiatives taken by individuals and groups shall also be recognized and fostered in order to achieve in practice real participation of the population in the development process.]

54. It is important to promote measures aimed at increasing the motivation and the opportunities of all social and economic actors, public as well as private, to participate fully in the development process of the LDCs. Participatory development should be enhanced through, inter alia, measures aimed at developing and improving institutional capabilities and efficiency in public administration, ensuring an optimal balance between the public and private sectors (enterprises, co-operative sector, informal sector) in order to foster productive activities, allowing natural talents to develop and flourish, fully integrating women into the development process, and encouraging bona fide NGOs particularly the indigenous ones and grass-roots organizations in their local, community-based initiatives.

Improving institutional capabilities

55. [Better governance is the key to progress in LDCs.] The LDCs need to undertake policies and measures with technical and financial international support, aimed at strengthening the ability of their institutions to operate efficiently. These institutional capacities are vital for the formulation and management of macro-economic and sectoral policies, the design, management and evaluation of their development programmes and projects, as well as for the creation of an environment propitious to the development and sound management of the public and private sectors. In this regard, in many least developed countries the incentives and remuneration of those in the civil service have declined to unrealistic levels, thus affecting adversely the effective discharge of their duties. Measures and policies to be undertaken by LDCs would include: (i) building and maintaining management training institutions at national and subregional levels; (ii) providing adequate incentives to attract and retain trained personnel in the public service and other development institutions; (iii) building endogenous capacities to assess, adapt and internalize science and technology. The implementation of these policy measures requires extensive international support, including provision of technical assistance and financial resources.

56. The improvement and expansion of the LDCs' institutional capabilities and efficiency and further decentralization [and democratization] within the decision-making system are required in order to increase [respect for human rights and] responsiveness to the needs of the population, enhance the effectiveness and relevance of development activities, ensure the rational and equitable utilization of resources, and facilitate local participation in the decision-making and implementation of development activities.

The role of public enterprises

57. There is a need for pragmatic approaches to balance public and private sector involvement in the development of the LDCs. While measures should be taken to foster entrepreneurial capacity and private capital, which is scarce in LDCs, public enterprises will continue to play an important but supportive role.

58. The prime objective of policies affecting the public sector should be a marked increase in the efficiency and productivity of State enterprises, enabling them to operate on a competitive basis relying on market signals. LDCs should continue to evaluate the performance and viability of public sector enterprises and, where appropriate, take the necessary measures, including consolidation, privatization, and/or dissolution. Where public sector activity is deemed essential, pertinent measures should include the establishment of clear mandates, objectives and accounting procedures, the enforcement of financial and managerial discipline, the creation of an adequate incentive and career structure to attract, train and retain qualified staff, and the adoption of measures to enhance the accountability and managerial autonomy of management boards. National initiatives in the public sector area should be supported by technical assistance from development partners, including UNCTAD and other international organizations in their respective fields of competence.

The role of the LDC private enterprise sector

59. Private enterprises, as well as industrial and rural co-operatives, can play a greater role in transforming LDC economies and achieving national development objectives. The development of entrepreneurship should be stimulated and motivated by policies aimed at creating a more favourable economic environment for the local initiatives of the private sector. The LDCs would need to take measures aimed at creating an appropriate legal and institutional framework for the conduct of activities by the private entrepreneurs, which might include inter alia appropriate fiscal, financial and credit policies, as well as legal provisions promoting, fostering and protecting private investment. [At the same time, LDCs should establish comprehensive monitoring and regulating mechanisms to check undue enrichment of the private enterprises so as to ensure their positive contribution to the economic development and the social welfare of these countries.] Such measures are important in order to attract foreign companies to invest to any significant degree in the economies of the LDCs. Investment by foreign enterprises can provide a significant range of new skills which can over time facilitate the progressive integration of areas of economic activity of the LDCs into the international economy.

60. Specific programmes for private enterprise development should address promotion of domestic and foreign direct investment, management training, promotion of non-traditional exports, promotion of small-scale ventures and micro-enterprises, including those within the informal sector, and the development of entrepreneurial skills. In this connection, more attention also needs to be paid to the promotion of small-scale enterprises which base their productive activities on local raw materials in order to ensure a positive contribution to the economic development and social welfare of these countries.

Full participation of women in the development process

61. Appropriate measures should be taken by the least developed countries fully to mobilize and involve women, both as agents and beneficiaries of the development process. Their role in development should be strengthened through better access to health care, including voluntary family planning education and training, and to rural credit. LDCs are invited to ratify and implement all United Nations conventions against all forms of discrimination towards women.

62. The development and mobilization of women as an important component of overall human resources, within the circumstances peculiar to each least developed country, especially in the following areas would greatly enhance the development prospects of their countries:

(i) Encouraging the media and various systems of education to convey information giving a realistic and positive image of women;

(ii) Promoting the establishment of women's associations in order for women to be conscious of their rights and to defend these rights themselves;

(iii) Creating greater awareness among men and associating them with the elaboration and implementation of measures to promote the role of women;

(iv) Ensuring women's full participation in the decision-making process, particularly in the design and evaluation of projects, the administration of funds intended to promote the role of women in development.

The role of NGOs

63. The effectiveness of NGOs in promoting participatory development, which in recent years has been increasingly recognized, can be enhanced. While preserving their independence and distinctness, NGOs should abide by national laws and regulations. Their specific role in formulating programmes and projects in support of the strategies, priorities and policies designed by national Governments aimed at improving the well-being of all citizens should be encouraged.

64. Developed-country NGOs continue to make an important contribution in respect of institution-building of LDC NGOs. They should, wherever possible, establish relations of partnership, and co-operate with local NGOs, and recognize and be sensitive to concepts, ideas and cultural values of the LDCs. Developed-country NGOs also have an important role to play in mobilising support, in their respective countries, for the strengthening of LDC NGOs and non-governmental activities, as well as in sensitizing public opinion, thus influencing policies concerning major international issues affecting the development of the least developed countries.

B. The strengthening of human capital

65. Three areas play a key role in strengthening the human capital in the least developed countries: population policies; health services; education and training. Furthermore, action on these three areas has a direct and positive impact on the status and role of women and on their contribution to improvement of social and economic conditions in the least developed countries. LDCs are invited to ratify and implement the United Nations Convention on the Rights of the Child. Within the framework of the follow-up to the programme of action, it is expected that each individual least developed country, within each overall development plan, will formulate measures and programmes with social objectives and targets corresponding to their specific situation and needs. The bilateral agencies, as well as the United Nations and other international organizations, would be called upon to assist the least developed countries in designing and implementing programmes in this regard and to provide financial and technical support accordingly.

Population

66. In a number of least developed countries, the high rate of population growth is a fundamental problem, adversely affecting their efforts to alleviate poverty, the allocation of economic resources and the quality of the natural environment. The least developed countries concerned will further

intensify their efforts to achieve, as appropriate, population growth rates which strike an optimal balance in the interrelation between their population, their natural resource base and the environment, taking into account traditions and values, as well as economic imperatives.

67. Population policies should be considered an integral part of national development strategies. These policies must be linked to programmes on child survival, health, education, housing and employment. Measures should be taken with a view to the creation of instruments required to monitor population developments, the incorporation of population issues into development programmes, as appropriate, and stronger political and financial support for national population policies and programmes. Least developed countries' efforts should be supported by financial and technical assistance from international organizations, in particular UNFPA [and IPPF], and donor countries, respecting the sovereignty of LDCs. Governments should launch vigorous innovative and comprehensive information and education programmes on voluntary family planning, taking into account the specific concerns of women and children, and provide voluntary family planning services [utilizing, where appropriate, the private sector]. These programmes should be disseminated through the mass media, as well as at schools, universities, health centres and work places.

Education and training

68. Each least developed country should formulate a strategy [with the support of UNESCO and other relevant organizations, where appropriate,] for improving the education and training standards of its population, taking into account ongoing educational reforms in many LDCs, specifying both intermediate steps and approximate time frames for attaining these goals. These strategies should entail measures aimed at redefining educational policies in the light of the country's broad development objectives, improving administrative and financial management of educational systems, boosting the quality of vocational training and giving priority to the development of basic education, in particular universal primary education. Special attention should be given to the securing of sufficient resources for recurrent expenditure, particularly on teaching materials and for the training of trainers, and to the designing of curricula which meet the specific needs of all sectors of the population of the least developed countries.

69. The least developed countries will have to make sustained efforts to stop and reverse the progressive erosion affecting the education sector and renew their commitment to combating illiteracy, particularly among women. Furthermore, the objective of universal primary education implies the reduction, and ultimately the elimination, of disparities in education levels between rural and urban areas as well as in schooling levels. Special emphasis has to be given to improved access for girls and women to education facilities. Secondary and higher education systems need to be reformed in order to cope with the growing transformational needs of the LDCs' economies, thus gradually reducing the unemployment of graduates. In this context,

incentives should be introduced with a view to increasing the attractiveness of critical subjects, including management skills, engineering, agricultural science and technical occupations. The educational system should thus be better aligned to professional life and oriented towards forming producers.

Health and sanitation

70. Without profound improvements in the health standards prevailing in the least developed countries, other measures of social and economic development will remain to a great extent ineffective.

71. Priority tasks in the least developed countries' efforts to attain the objectives of the Global Strategy for Health for All by the year 2000, as adopted by WHO, should be the strengthening of primary health care, the implementation of expanded immunization programmes, diarrhoeal disease control, malaria control, efforts to combat AIDS, and the reduction of infant and child mortality, as well as maternal morbidity and mortality. The WHO/UNICEF goals and strategies for the 1990s should serve as important priority guidelines. The promotion of child survival through the measures of Universal Child Immunization (UCI) and universal access to Oral Rehydration Therapy (ORT) will serve as important measures in achieving the goal of reducing infant mortality by half before the end of the decade. Other goals for the 1990s should include the reduction by half of malnutrition in children under five, the eradication of poliomyelitis, as well as the elimination of neonatal tetanus. Each least developed country, assisted by WHO and other relevant organizations, should define a country-focused health policy, taking into account the above priorities, and identify its needs in terms of basic equipment adapted to local conditions, so as to facilitate and co-ordinate donors' responses to meet these needs. Also, donors and relevant international organizations should continue to provide technical and financial support to national and regional programmes, notably in respect of training, research and control of major endemic diseases.

72. Government efforts in the health sector will lay greater emphasis on preventive measures, including health education, the provision of safe drinking water and sanitation and the improvement of maternal and infant care. As regards this last point, safe motherhood programmes should be implemented, including adequate care and nutrition both during the period of pregnancy, at childbirth and at lactation. More available resources should be allocated to primary health care centres, with a special emphasis on the rural network of the primary health care system. [Private sector provision of primary health care should be encouraged, where appropriate.] The potential for increasing the active involvement of the population in rural primary health care should be examined.

V. DEVELOPMENT, PARTICULARLY EXPANSION AND MODERNIZATION OF THE ECONOMIC BASE

73. The development, expansion and transformation of the economic base are critical factors for the [sustained] [sustainable] development of the least developed countries. [A crucial task for the LDCs will be to mobilize fully the complete range of skills available in their societies to achieve these objectives. In this regard, particular attention must be given to the most effective assignment of responsibilities to allow substantial progress towards durable development. The government sector will remain central to the process of elaborating national development plans. In particular, Governments must bring about the necessary economic conditions (absence of rigidities, removal of harmful regulations, legal guarantees for business operations, etc.) to encourage development in all sectors of economic life. [However, the role of private initiative is crucial to the definition both of the development tasks to be undertaken and in the choice of the means to secure their achievement. Thus, a central and crucial task for government must be to facilitate and encourage the emergence and expansion of the role played by private initiative in the economic life of the LDCs. An increased role for the initiative of the private sector will require Governments to play a more supportive role in the development of critical areas of the economy. The developed countries stand ready to support the efforts of individual LDCs to mobilize private initiative to tackle the many concrete tasks required to bring about durable economic growth and development. They believe that this type of pragmatic approach to the problems facing the LDCs in this area offers the best approach for strengthening the partnership for development in coming years.]] In order to attain an adequate growth of the economic base, interlinkages need to be built and strengthened between productive, service, and infrastructural sectors in the least developed countries. In the efforts made by the least developed countries in this regard, attention should be paid to several key dimensions: (i) production of essential goods and services to meet the needs of the majority of their people; (ii) generation of employment and enhancement of the domestic value added; (iii) a balance between expansion and rehabilitation so as to ensure the utilization of idle capacity; and (iv) the need to overcome difficulties inherent in the monoculture of their economies. These endeavours will entail a greater and more efficient mobilization of domestic resources, in particular human resources, as well as sustained and substantial technical and financial support from the international community.

A. Rural development, modernization of agricultural production and food security

Agriculture

74. The development of the agricultural sector will continue to rank high among the transformational objectives of the least developed countries in the 1990s. Around 80 per cent of the population of the least developed countries live in rural areas, and agriculture is the dominant sector of production. Rural development thus constitutes an indispensable element of

any agricultural development strategy. Moreover, expansion of food production and food security continue to be a priority objective of the least developed countries. Towards this end, least developed countries should, [with adequate international support,] at the minimum, strive to increase agricultural and food production at an annual growth rate [of 4 to 5 per cent in order to stay] ahead of population growth if poverty alleviation and eradication, nutritional improvement as well as food security goals are not to be at risk. [Farmers can only enter into this prospect if they obtain a minimum of security and profit.]

75. The development of the agricultural sector will require the formulation, by the LDCs and with the support of the competent international organizations and donor countries, of an "agricultural development strategy". This strategy for development of the agricultural sector requires, among other things:

(i) adoption of appropriate [market-oriented] [and realistic] agricultural price and credit policies; support for farmers' initiatives; [LDCs will study the impact on their agricultural production of cereals which are sold at low prices on world markets;]

(ii) improving income distribution patterns and broadening income earnings opportunities at the national level so as to strengthen the purchasing power of the low-income strata of the population, and thereby expand the national demand for agricultural goods;

(iii) effective participation by the public sector, in particular with regard to the improvement of the physical and institutional infrastructure on which agricultural production depends directly in order, at any time, to help supply zones affected by shortages from surplus regions, as well as the formulation and implementation of co-operation arrangements at regional and subregional levels aimed at fostering agricultural development;

(iv) the diversification of the agricultural base through the integration of crop and livestock farming and by the promotion of fisheries, livestock, horticulture and forestry, and the improvement of productivity and competitiveness through more effective processing, distribution and marketing from production to consumption or export, epecially for products intended for the world market;

(v) the development and application of agricultural research and improvement of the technical skills and know-how of farmers, groups of farmers or agricultural workers through flexible and decentralized agricultural extension systems;

(vi) reform of farming and land-tenure systems, where appropriate, aimed at encouraging investment in land;

(vii) adoption of agricultural techniques and farming practices keeping in mind the preservation and protection of the environment, including stepped up efforts for afforestation and the prevention of soil erosion arising from land misuse and overuse;

(viii) the establishment of agricultural support services - in particular agricultural credit systems, including mutual groupings - storage facilities and other relevant measures to minimize pre- and post-harvest losses.

76. Within their agricultural development programmes, the least developed countries should provide appropriate incentive structures to smallholders, who are the major producers of food crops and who thus have a crucial role to play in attainment of national food security, as well as gainful employment to landless workers, who represent the large majority of agricultural producers in the least developed countries. Their success, or failure, has a direct impact upon the well-being of the mass of the rural population. Women's role in food production should be similarly strengthened through the recognition of the need for laws and regulations ensuring equal access to more efficient food-processing technologies, credit, land tenure and agricultural training and support services.

Rural development

77. Efforts to promote agricultural production and attain growth with equity should be supported by policies designed to enhance rural development. Indeed, rural development constitutes an essential element of any attempt to significantly raise both agricultural output and farmers' incomes and to induce a process of accelerated structural transformation of the economy of the least developed countries. [This transformation will [critically] depend on policies which take account of the overriding need to [support the often fragile rural environment of LDCs] [ensure that environmental degradation does not further undermine the rural base of many LDCs.]] Policies would relate, inter alia, to the promotion of participatory development through support and encouragement of grass-roots activities, rural co-operatives, and peasants' initiatives, the establishment of agro- and other small-scale industries in rural areas, the introduction or expansion in rural areas of services hitherto available mostly in towns (health, education and training activities, shops), creation or expansion of the rural credit and financial network, and the enabling of the informal sector to play fully its development role in the least developed countries. Rural development, coupled with the implementation of schemes for gainful employment of landless labourers in both agricultural and non-agricultural activities would slow the exodus of the rural population towards urban areas, an exodus that imposes a heavy burden on the already weak urban infrastructure.

78. Action taken by the least developed countries will need to be supported by sustained financial and technical assistance, as well as by improved market access for their exports. Technical and financial assistance provided by competent international organizations and donor countries should be mobilized

around an "agricultural development strategy" for the 1990s, to be defined by each least developed country. The international community will need to assist least developed countries' Governments in developing agricultural support systems and related infrastructure, establishing and consolidating agricultural research systems at national, regional and international levels, improving farming practices, including soil and water management, measures to control over-grazing, salination and alkalinization of soils, desertification and soil erosion. In addition, efforts should be undertaken to rehabilitate the agricultural sector of those least developed countries whose economies have been ravaged by serious drought, floods, locusts, famine, and other formidable problems. The international community should support agricultural research which addresses the particular problems of the least developed countries. [CGIAR]

Food aid

79. While food security will be an overriding policy objective for the 1990s, food aid will need to be provided to the least developed countries [where a real shortage of food exists. Food aid should essentially be a transitional measure and be considered as a development tool. It should, accordingly, be integrated into LDCs own development policies. The products provided should meet the needs of recipients and be supplied at a price which will not disrupt the domestic market. Where the products supplied are distributed free of charge they should form part of nutrition programmes aimed at vulnerable sectors of the populations or be delivered as payment for work. Other measures such as tripartite transactions, on a regional or subregional basis, can greatly promote food security. The improvement of strategic food reserves, particularly at the local level, can contribute significantly to improving food security and stabilizing prices.] [with structural food deficits and in emergency situations. Food aid should be used only to alleviate poverty and hunger, but its adverse effects, in terms of modifying dietary habits, discouraging local production and thus perpetuating food dependence, need to be overcome. More innovative ways of adapting food aid to local dietary habits are thus necessary, through, for example, greater use of local purchases or tripartite transactions based on regional and subregional trade. Food aid can further be made a development tool when used to support activities such as food-for-work programmes, protection of vulnerable groups during adjustment periods, rehabilitation of displaced populations and [establishment of strategic food reserves at the regional, national, community and household levels]. Measures should be established to prevent the negative effects of food aid on domestic production.] [Moreover, the removal of agricultural subsidies in major producer countries should be complemented by measures to compensate for the increase in commercial food import prices, in particular through increased food aid. In times of favourable harvests, conventional food aid should be replaced by monetary aid.]

B. Development of industrial, service, scientific and technological base

Developing the industrial sector

80. The emphasis of public and private initiative of the least developed countries with regard to non-agricultural sectors should focus on three major objectives: rehabilitation, maintenance and upgrading of existing production facilities; expansion of the productive potential in line with dynamnic comparative advantages, available resources and internal and external market prospects; and the diversification of their productive base. Based on local endowment, least developed countries should also promote the development of the service sector.

81. In their industrialization programmes, the least developed countries should promote the complementary, simultaneous development of the rural economy so as to ensure sustained purchasing power for the local absorption of industrial output, while establishing an assured supply base of agro (and mineral) inputs for industry. Increased attention should be accorded to regional and subregional markets so as to overcome constraints imposed by small domestic markets and low per capita income. The potential of regional and subregional co-operation to economise on scarce capital and human resources and as a catalyst for economic diversification and achieving regional complementarity in production also warrants close attention.

82. Individual least developed countries have to determine, on the basis of their specific economic base and of world market, regional and subregional prospects for their actual and potential exports, how to reduce the dependence on traditional commodities and enhance the export orientation of their domestic economies. To the extent that such activities are justified by their factor endowments and other natural advantages, least developed countries could explore the possibilities of exploiting niches in export markets and seek to establish links with major marketing chains of the industrialized countries, through for example joint ventures and international subcontracting and also with the co-operation of import-promotion organizations in the developed countries. At the same time, LDCs should take steps to strengthen their export competitiveness in co-operation with the International Trade Centre by way of improving quality and packaging, processing, marketing and distribution. Foreign direct investment (FDI) should be encouraged through effectively functioning legal systems which safeguard property rights, including intellectual property legislation, supportive tax régimes and double taxation agreements. [Measures taken by least developed countries to attract FDI will need to be complemented by legislative, fiscal and other measures taken by the home countries with a view to encouraging investment in the least developed countries by foreign investors.] [Developed countries could consider the potential that exists for fostering private investment in the LDCs implementing effective national policies.] Promotion of competitive industries will need to be underpinned by a positive policy environment, including realistic tax regimes, exchange rates and trade and price policies, and an appropriate regulatory framework and incentive system which encourages entrepreneurship, private and foreign.

83. Industrialized countries and multilateral financial, development and other organizations, particularly UNIDO, should increase efforts to mobilize their resources in their co-operation programmes for projects designed to develop and strengthen the industrial base of the least developed countries, leading to the emergence of viable industrial enterprises. Co-operation between enterprises, in particular medium and small-scale enterprises of the developed and least developed countries, can play an important role in the industrialization of the LDCs, in the transfer of technology and in the marketing of products of the LDCs.

Strengthening the scientific and technological base

84. The international community has recognized the fundamental role of science and technology in the socio-economic development of all countries and in particular of the LDCs. The creation of an adequate scientific and technological base is consequently a necessary condition for the medium and long-term transformation of the least developed countries. During the 1990s, least developed countries should seek to: (i) place adequate emphasis on science and technology in their national development plans; (ii) enhance endogenous capacity to deal with the development and application of science and technology, particularly by strengthening the national scientific and technological infrastructure, introducing scientific and technological education, improving the quality and quantity of manpower training, linking production with indigenous efforts and devising appropriate mechanisms for the orientation of programmes and the practical application of the results of scientific research; and (iii) find alternatives to the export of traditional raw materials by the development of new products and processes and thus ensure the competitiveness of the least developed countries' exportable goods.

85. Given the special difficulties of least developed countries, due in part to the lack of domestic research and development capabilities, in acquiring modern technology and in strengthening their technological capacities, every effort should be made by the international community to accelerate the technological transformation of least developed countries, and particularly to:

(a) Assist least developed countries to acquire an adequate infrastructure, in order to, inter alia:

(i) Facilitate the co-ordinated formulation and implementation of technology plans, policies, laws and regulations;

(ii) Evaluate and negotiate transfer of technology transactions;

(iii) Establish focal points in least developed countries between national and international technology suppliers and national technology users, including technology centres, if appropriate;

(iv) Provide technical assistance, information and training to technology users;

(v) Support or participate in programmes of research and development of technology in selected areas with the aim of developing indigenous technologies, and promote the adaptation of imported technologies to national requirements;

(vi) Facilitate the transfer of technology to small and medium-sized enterprises;

(vii) Exploit the immense economic impact and potential of biotechnologies and other new techniques and technologies, in particular those relevent to food and agriculture, agro-based industries, communications and data analysis methods in the least developed countries;

(b) Give least developed countries the freest and fullest possible access to techologies whose transfer is not subject to private decisions, and facilitate access, to the extent practicable, to technologies whose transfer is subject to private decisions;

(c) Continue to provide and strengthen support for programmes of technical assistance for least developed countries from other developing countries. Possible arrangements for least developed countries to benefit from the co-operative exchange of skills among developing countries should also be considered;

(d) Consider, as part of the process of accelerating the transfer of technology to the least developed countries, an increase in the number of scholarships for studies and training in science and technology;

(e) Assist the least developed countries in the formulation of appropriate laws, regulations and policies relating to the import of technology and promotion of the development of indigenous technologies.

C. Infrastructure

86. Investment in productive sectors, particularly in the agricultural sector, needs to be complemented by measures aimed at maintaining and expanding infrastructure, including roads, railways, waterways, airways, communication systems, health care facilities, schools and administration facilities. Due attention needs to be paid to the rapid urbanization process in the least developed countries and to its consequences for socio-economic development, as well as needs of the local communities. Priority should be given to infrastructural projects which directly serve the basic human needs of the local population, in particular for the transportation of agricultural products. The need to minimize or prevent damage from natural hazards should be fully taken into account in strengthening the physical infrastructure. In this context, measures aimed at improving the housing situation and urban development deserve high priority.

87. Urban development plans should be drawn up, addressing related institutional, financial and technical issues. In this context, measures aimed at improving the housing situation and urban development deserve high priority.

88. While the LDCs should seek to strike a balance between new investments and the need for maintenance in the infrastructure sector, specific measures should be designed for: (i) rehabilitation and maintenance of the existing facilities; (ii) creation of new infrastructure facilities; (iii) drawing up urban and housing development plans; and (iv) strengthening institutional capacities in the design and implementation of policies and programmes in the infrastructure sector.

89. The international community and donors and the multilateral financial development institutions, especially the United Nations Capital Development Fund and the United Nations Centre for Human Settlements, should provide substantial and adequate support to complement the efforts of LDCs in the area of investment and maintenance of infrastructure.

D. Environment and disaster mitigation, preparedness and prevention

Environment and development in the least developed countries

90. [[The global impact of certain environmental changes on the growth and development of the developed and developing countries is increasingly recognized. For their part, the developed countries recognize that additional resources will have to be channelled to developing countries to combat the negative impact of certain of these global trends. At the same time, however, environmental degradation has increasingly impaired prospects for the development of the developing countries. Thus, while most of the least developed countries' environmental problems are essentially development problems closely linked to poverty, unemployment and population pressure, protection and improvement of the natural environment are necessary for achieving sustainable development in the least-developed countries.] [The least developed countries' environmental problems are closely linked [to poverty, unemployment and population pressure, geographical disadvantages and unregulated industrial operations, including those of national companies] [to inter alia poverty, unemployment, a narrow technological base, soil degradation and erosion, drought and desertification, unregulated industrial operations, in particular by multinational enterprises, as well as illegal transboundary disposal of hazardous wastes.] Protection and improvement of the natural environment are therefore necessary for achieving sustainable development in the least developed countries.] Supported by appropriate and adequate international support measures, one of the main endeavours of the least developed countries should be to achieve a balance between human demands on the natural resource base for future as well as present generations, and to maximize the ability of the environment to meet these demands.]

91. An integrated and multi-disciplinary approach in this regard should cover, inter alia: (i) [economic incentives to motivate better environmental management and to ensure high efficiency of energy use, as well as to discourage environmental degradation;] [incentives to motivate better environmental management and protection;] (ii) [education and mobilization of the entire population, in both rural and urban areas, aimed at enhancing awareness of the economic and social benefits of environmental protection for the improvement of the quality of life in the least developed countries, as well as the involvement of the local population in environment protection activities;] [education of the local communities in both urban and rural areas, aimed at enhancing awareness of the economic and social benefits of environmental protection;] (iii) [linking programmes of social development, including poverty alleviation and participation of economically disadvantaged groups, to programmes of environmental improvement and management;] [taking into account environmental improvement and management concerns to the extent necessary and feasible, in the programmes of social adjustment;] (iv) [facilitating the transfer of environmentally sound technology to the least developed countries; and (v) developing new techniques to rationalize the use of traditional energy resources or alternative sources of energy that are affordable and environmentally sound.] [Provision of adequate external support to facilitate the transfer of environmentally sound technologies, including those in the area of energy, to the LDCs.]

92. There is a need to strengthen human institutional and technological capacities of LDCs to identify environmental problems, assess the interrelationship between development and environment trends and prepare national environmental management plans for conservation and protection strategies. National early-warning and forecasting mechanisms, included as part of a wider regional effort, should be strengthened. The United Nations organizations, including UNEP, WMO, and FAO, should give priority attention to LDCs in their programmes and mechanisms relating to the environment.

93. The United Nations Conference on the Environment and Development, scheduled for 1992, should address, in accordance with its mandate, the environmental and developmental problems of the least developed countries. The Conference should provide for measures to enable the least developed countries to pursue their efforts to incorporate the environmental dimension into their development objectives and policies. Moreover, the Conference should be an opportunity to renew the international community's commitment to support technically and financially major projects designed to avoid the recurrence of natural disasters due to environmental degradation.

94. Appropriate and adequate international support is also needed to explore possibilities to protect the least developed countries against the effects of new environmentally negative phenomena, such as climate change, marine pollution and the transboundary movement of wastes.

Disaster mitigation, preparedness and prevention

95. Natural and man-made disasters continue to cause heavy losses of human lives and property, with particularly severe and lasting impact on the national economies of the least developed countries. Furthermore, the magnitude of future losses will inevitably increase as population pressure leads to the occupation of even more vulnerable areas. Considerable knowledge exists of techniques for minimizing the impact of disasters that have not yet been systematically applied in the majority of the least developed countries. Each country will need assistance to increase or improve its capacity to identify disaster scenarios, to establish appropriate protective measures and contigency plans, and to ensure that local community leaders and the population in general know how and when to apply these measures. LDCs would continue to undertake measures within their available capacity with appropriate international co-operation to: (i) alleviate and mitigate the consequences of such disasters; (ii) limit the extent of their damage; and (iii) undertake feasible preventive measures. Activities in this regard should be integrated into new development projects.

96. It would be necessary for LDCs to continue efforts to stimulate among their population in general a clear perception of the benefits of disaster preparedness and prevention. Pilot projects to promote a coherent approach to disaster preparedness, mitigation and prevention should be initiated in the disaster-prone least developed countries, in line with the General Assembly guidelines on the International Decade for Natural Disaster Reduction (IDNDR), with adequate international support. Special attention should be given to women and children because of their vulnerability during disasters. LDCs should receive priority attention in the activities of the IDNDR. In particular, the international community will provide support to the implementation of the programme for the control of floods in Bangladesh, as well as to the project for the establishment of an environment-surveillance mechanism in the Sahara and the Sahel, aimed at the control of desertification in sub-Saharan Africa.

E. Coping with special problems of certain groups of least developed countries

Land-locked and island least developed countries

97. Altogether, 15 out of 42 least developed countries are land-locked. This geographical handicap adds to their structural deficiencies by impairing the capacity of these countries to conduct and benefit from international trade. Improvement of the physical infrastructure, in particular transport and communications, is vital for the movement of goods and services within a country as well as for the expansion and development of the foreign trade sector. In order to alleviate this geographical handicap, the land-locked least developed countries and their transit neighbours should continue to make concerted efforts at bilateral and subregional levels to simplify transit

procedures and to improve international trade links in the 1990s, taking into account the relevant resolution of the United Nations, in particular the Final Act of UNCTAD VII, and the needs and the means at the disposal of the former.

98. In addition to the problems inherent to their least-developed status, island least developed countries face obstacles arising not only from their insularity and often archipelagic nature but also from their small size in terms of territory and population and their remoteness from the major economic centres. In order to generate income, Governments will have to promote sectors such as fisheries and services. Island least developed countries should initiate programmes for the development of their internal and external transport links in order to improve their access to world markets. [Given the special difficulties of island least developed countries, donors should reconsider the possibility of extending budgetary support with a view, inter alia, to covering recurrent expenditure of development projects].

[99. The international community should consider the possibility of assisting land-locked and island least developed countries in their efforts to finance their infrastructure projects which are indispensable for their development].

VI. ARRANGEMENTS FOR IMPLEMENTATION, FOLLOW-UP AND MONITORING AND REVIEW

100. Effective follow-up and monitoring mechanisms should support the development efforts of the LDCs and are a key to the successful implementation of the Programme of Action for the 1990s.

A. The national level

101. A strengthened country review process should continue as the principal means of policy dialogue and co-ordinating the aid efforts of development partners with the development programmes of the LDCs, as well as mobilizing the required resources for their implementation. Mechanisms such as the UNDP round tables and World Bank consultative groups will continue to constitute the backbone of the process to translate the principles and commitments of this Programme of Action into concrete measures at the national level. The leadership of the LDC Governments is central to this process, assisted by development partners to strengthen their capacity to fulfil this role. These round tables and consultative groups should be held at the [initiative and invitation] of the LDC Governments.

102. The development partners should support agreed objectives and policies designed by the LDCs following consultation and as set out in medium-term programmes. Linkages between the macro-economic framework and sectoral strategies should be central to the process and reviewed and adapted regularly in the light of the evolution of the domestic and international environment while maintaining the overall long-term objectives and strategy.

103. On the basis of each LDC's mutual commitment to a long-term policy framework plan, development partners will undertake to commit adequate financing for the implementation of the plan. This requires that country review groups supporting LDC policy framework plans take a comprehensive approach to the financial flows needed during the agreed plan, considering, inter alia, the outstanding debt of the LDC concerned and the scope for debt reduction or similar schemes [including debt cancellation]. [Policy framework papers prepared by the country in close collaboration with the IMF and the World Bank which form the basis of support from those institutions and other donors and provide such an approach to financial flows.]

104. Aid co-ordination is the key element for maximizing the efficiency of the external support under the leadership of LDC Governments. Efforts should be made to avoid parallel systems of targetting, programming and co-ordinating the allocation of resources.

105. The country review groups should be organized on a more systematic basis and include all concerned donors. LDCs which do not have regular country review groups should adopt this process. Country review meetings should be convened approximately every one to two years to build and maintain sustained momentum for development progress and improved aid co-ordination. Mechanisms chosen for these reviews should be fully committed to this time frame.

Progress in meeting mutually complementary commitments under the LDC policy framework plan should be monitored prior to each consultative group and round-table meeting in a report prepared by each LDC Government and the World Bank or UNDP as part of the documentation for the country review meeting. Furthermore, the latter should be buttressed by adequate follow-up arrangements, including sectoral and other ad hoc consultations. The conclusions of these meetings should be so formulated as to clearly identify the respective commitments of the participants.

106. A successful country review process requires an effective economic and technical capacity to carry out the necessary policy development and co-ordination. In particular, the responsibilities of the national planning agency and the finance ministry should be firmly delineated and made complementary. Similarly, the central point for aid co-ordination should be clearly identified, vested with adequate authority and strengthened in staff and skills as necessary.

107. In order to improve the capacity of LDCs in aid co-ordination and management, the overall capacity of the Government has to be improved, for the institutional requirements of aid co-ordination cannot be isolated from the overall improvements that are necessary in the administrative system of LDCs. Technical assistance - in particular from UNDP and the Special Measures Fund for LDCs - can constitute a key element for supporting this process of institutional building and human resource development: it can greatly help the LDCs to formulate structurally sound and operationally relevant policies, priorities and programmes, including in the field of macro-economic planning. This will provide a better basis for sectoral management and aid co-ordination, taking into consideration the capacity of individual LDCs, including the administrative capacity.

108. The individual countries should play a leading role in the activities of the local co-ordinating groups, the principal fora where policies, perceptions and responses are co-ordinated and agreements are reached on specific programmes and commitments. It would also be useful to develop a structure, with the local co-ordinating group at the apex supported by sectoral, subsectoral and implementation-related groups. The local co-ordinating groups could establish linkages with national and foreign NGOs working in the country, not only to avoid duplication in efforts but also to draw on the experiences and insights of NGOs, which work largely at the grass-roots level and with the underprivileged sections of the population, which could then be taken into consideration in related official policies and activities. The process described above is not easy and it might be desirable to focus attention initially on several particular cases until sufficient experience is attained and it is possible to extend the process beyond the initial pilot cases.

B. The regional level

109. Progress in economic co-operation between LDCs and other developing countries, particularly countries in the same region, should be monitored by the United Nations regional commissions in close co-ordination with UNCTAD. Cluster meetings should be organized regularly, preferably every two years, under the aegies of the regional commissions, and with all countries concerned, in order to improve and strengthen existing co-operation arrangements at the regional and subregional level. The success of SADCC, CILSS, IGADD and UMA in performing a useful subregional co-ordinating function is instructive of what can be achieved. The regional commissions should also ensure that the needs and problems of the LDCs are addressed as part of their ongoing work and, in this manner, should continue to contribute to the follow-up process.

C. The global level

110. Arrangements for monitoring, follow-up and review at the global level are an integral part of the overall process, being all complementary and supportive to the above-mentioned arrangements at the country and regional level. This follow-up at the global level, which should be business-like, should focus on these main elements:

(i) Analysing and comparing the experience and lessons learned from formulating and implementing the policy framework plans and the functioning of the country level co-ordination arrangements;

(ii) Assessing, on a regular basis, the economic and social performance of the LDCs, in the context of the international environment and domestic factors;

(iii) Monitoring the implementation of the commitments and measures contained in the programme of action; and

(iv) Reviewing the progress of development partners in responding to [and adjusting their assistance and [other co-operative efforts such as trade to the evolving priorities] and] special needs of the LDCs.

111. In co-operation with other concerned organizations of the United Nations system, UNCTAD, as part of its ongoing work, should continue to serve as the focal point for the review and appraisal of the implementation of the programme for the 1990s and support to the follow-up at the global level. [It is recommended that the capacity and resources of the secretariat's Special Programme for the least developed countries to collect and analyse information and to prepare substantive documentation be strengthened for this purpose.] [The Secretary-General of the United Nations would be invited to provide substantially increased resources, including financial and personnel, for this purpose.] [The secretariat should carry out its mandate, within existing resources, in a manner similar to that of the SNPA.]

112. In addition to UNCTAD's Annual Report, the [UNCTAD Intergovernmental Group on the LDCs should be convened every two or three years, to carry out a review of the progress of implementation of the programme of action]. [One of which] or [Besides, there] should be a comprehensive mid-term review to carry out] a review of the situation of the LDCs, progress in the implementation of the programme of action, and to consider new measures as necessary. As part of the global monitoring and review process, a comprehensive appraisal of the implementation of the programme should be undertaken [considered] at the end of the 1990s [as part of the last three yearly review]. Reports of the UNCTAD Intergovernmental Group will be made available to the General Assembly. [Furthermore each session of UNCTAD should review the progress of implementation of the programme and identify bottlenecks in its implementation and suggest corrective measures.] A sectoral appraisal of the implementation of the programme should also be undertaken at regular intervals by the agencies most concerned.

113. In order to make the necessary links between the follow-up at the national level and the global level, the UNCTAD secretariat should participate in the meetings of UNDP round tables [and be invited to attend World Bank consultative groups]. [Attendance at World Bank consultative groups should also be considered.] Furthermore participants representing donor countries and agencies should be equipped with the necessary authority.

114. The Director-General for Development and International Economic Co-operation, in close collaboration with the Secretary-General of UNCTAD, the Executive Secretaries of the regional commissions and the lead agencies for the aid groups, should ensure at the secretariat level the full mobilization and co-ordination of all organs, organizations and bodies of the United Nations system for the purpose of implementation and follow-up of the Programme of Action. The LDC focal points in each United Nations agency should be established when they do not exist and existing ones strengthened in order to get involved actively for the implementation tasks over the decade.

115. [All development partners, UNCTAD and the United Nations agencies should assist LDCs to undertake consultations among themselves on matters of particular interest to them in the context of the implementation of the programme of action.]

116. [The Committee on Development Planning has the mandate to evaluate the constituent criteria of the concept of an LDC. It is encouraged to review the criteria established in 1971 and their application and propose formulas whereby a country in the process of development can emerge from the LDC category.]

Appendix I

AMENDMENTS AND PROPOSALS SUBMITTED BY CHINA

Paragraph 6

At the end of the paragraph, add "In this regard, the developed countries, due to their weight in the world economy, should make a greater contribution."

Paragraph 7 (c)

After "adoption" insert "where appropriate".

Paragraph 7 (d)

Delete "streamline the public sector including increasing the efficiency of public enterprises, and policies that"

After "contribution of" insert "both the public and"

Paragraph 9

After "international community" insert "the developed countries in particular,"

Paragraph 15 (ii)

At the beginning of the last sentence, insert "Rational administration,"

Paragraph 15 (v)

For "a dynamic private sector" read "dynamic public and private sectors"

Paragraph 15 (vi), first subparagraph

Delete "although as these constraints are overcome its significance may diminish"

Paragraph 15 (vi), second subparagraph

After "privatization" insert "as appropriate,"

After "entrepreneurs." add "On the other hand, Governments of LDCs should also formulate appropriate laws and regulations to govern and monitor the activities of the private enterprises and check their illegal practices in order to ensure that they can make positive contributions to the social and economic development of the LDCs."

Paragraph 40

After the first sentence, insert "The big trading partners can play a prominent role in this regard."

Paragraph 41

In the last sentence, for "and private sector" read "and public and private sector"

Paragraph 52

At the beginning of the paragraph, insert "[It is recognized that every country has the right to select, in accordance with its national situation, its own model of development and ownership for means of production. In this connection, the policy measures recommended to the LDCs hereafter are only optional, the adoption or adaptation of which should be left to the total discretion of the individual LDCs.]"

Appendix II

PROPOSALS OF THE GROUP OF 77

[Development of fisheries resources]

[76 bis. Fish resources, fresh water and seas, have great potential in many LDCs, and their better management will enhance domestic protein supply and augment export earnings. Many LDCs have introduced new policies geared to fully privatizing the fisheries sector and the introduction of modern techniques, vessels, storage and repair facilities, as well as upgrading marketing and undertaking comprehensive resource surveys. In this regard, FAO is invited to assist LDCs upon request to undertake a comprehensive study on their marine resources, including renewal, protection and environmentally sound exploitation, conservation, production, infrastructure and marketing, and to identify the human resources needs. Similarly, other competent international organizations should contribute to the above study.

The international community is called upon to assist and support the efforts of LDCs to develop and strengthen their overall fisheries policies, including a wider protection of their resources.]

Developing the services sectors

[83 bis. In pursuing their strategies of economic development, the least developed countries should take due advantage of the special role of services in the development process, which permeates the whole economy and provides necessary support for the proper functioning and efficiency of the agricultural and manufacturing sectors. In this regard priority should be given to the development of key service sectors, including infrastructural and producer services. The possibilities of increasing export earnings through service exports should be explored, bearing in mind that for many least developed countries, possibilities of increasing export earnings from agriculture or industry may be limited.

Serious attention should be given in decision-making in the least developed countries to the priority needs and existing capacities of individual countries in services, as well as to their export potentials. The implementation of services-development programmes would require both internal and external efforts in the improvement of information facilites, and particularily statistics; business and trade legislation; personnel training; mobilization of technology and financial resources.

The international community, multilateral financing and development institutions, and in particular UNCTAD and UNDP and regional development banks should mobilize sufficient technical and financial resource projects and programmes designed to strengthen the service sector of LDCs. Special measures should be taken to increase participation of the LDCs in world trade in services in the context of the multilateral trade negotiations in the Uruguay Round.]

[Transport and communication]

[89 bis. The LDCs, in addition to other misfortunes, face severe difficulties and suffer from bottlenecks in the transport sector, particularly within the country and in the carriage of their foreign trade. The economic and social development of LDCs is still seriously hampered by the absence of an adequate infrastructure in the transport and communications sector. The improvement of the physical infrastructure is vital for the expansion of all productive sectors and essential social services, as well as for the efficient delivery of humanitarian and emergency relief measures. The strengthening of facilities for transport and communications is at the same time crucial for co-operation in a subregional and regional framework.

To this end, donor countries and institutions should support and complement the efforts of LDCs to:

(i) Develop ports, roads, rural tracks and railways;

(ii) Train the required manpower and set up indigenous training institutions;

(iii) Create internal transport facilities, particularly to link remote areas;

(iv) Expand and improve transit-transport and port facilities in transit countries to facilitate transport from and to land-locked countries;

(v) Give high priority to the development of national shipping services and of river and lake services;

(vi) Overcome congestion of ports;

(vii) Develop, where necessary, joint shipping companies or merchant fleets.

By giving greater priority to the communications sector, attempts should be made to develop and improve the technological components of new and existing hardware and expand and upgrade the communications system as a whole. LDCs should devise more efficient and economically and socially desirable pricing policies for this sector. The international community, particularly developing countries, should provide concessional resources to the LDCs to enable them to develop and improve their communications systems, including the use of satellites where appropriate.

ECA and ESCAP should endeavour to devise special programmes tailored to LDCs in the context of the implementation of United Nations transport and communications needs in Africa and Asia.

Donors are requested to support and encourage the implementation of joint transport and communications projects between two or more LDCs, particularly when such projects protect/enhance the environment and are envisaged in the framework of comprehensive subregional economic integration or regional programmes for the development of the transport and communications sector.]

[Human settlements]

[89 ter. Housing requirements constitute one of the most difficult problems facing LDCs, in particular in urban areas. Disorganized urbanization is simultaneously a threat to the environment and a major obstacle to the improvement of its quality, as well as to the provision of basic services. The interrelationships between people, resources, environment and development should be a basic concern in developing human settlements and in undertaking development projects. Despite many efforts, the vast majority of the LDC population lack shelter or have shelter unfit for human habitation and this number will increase dramatically, particularly as a result of population and urbanization trends. There is a need to reverse this alarming trend and produce clear and visible improvements in shelter and in the neighbourhoods of the poor and disadvantaged.

A major effort will be needed to assist LDCs to make better use of land and the environment in planning urban and rural settlements and creating industrial and agricultural projects, securing an interregional balance between urban and rural development. The poverty of the LDC population calls for policies that ensure development of housing and settlement at low cost in urban and rural areas. Therefore, a substantial transfer of resources from the international community, particularly the developed countries, will be required in order to develop environmentally sound human settlements. LDCs should promote innovative measures by which bilateral and multilateral financial institutions may support the human settlements strategies of LDCs.]

Appendix III

PROPOSAL OF GUINEA

To be inserted in paragraph 92, after the first and second sentences respectively

[Women should be involved in these plans, especially in forest and land management programmes. They should also be involved in the choice and dissemination of appropriate technologies which would facilitate their household and productive activities while respecting the rhythm of renewal of the natural resource base.]

[Women should be associated with the establishment of warning systems and follow-up on natural calamities as well as of programmes aimed at reducing post-harvest losses and food wastage.]